



DONALD L. WOLFE, Director

# COUNTY OF LOS ANGELES

## DEPARTMENT OF PUBLIC WORKS

*"To Enrich Lives Through Effective and Caring Service"*

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August 24, 2006

IN REPLY PLEASE

REFER TO FILE: **AS-0**

001487

001488

001489

001490

001491

Amendment 1

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

**AS-NEEDED HAUL TRUCK SERVICES  
ALL SUPERVISORIAL DISTRICTS  
3 VOTES**

**IT IS RECOMMENDED THAT YOUR BOARD:**

1. Find that these services continue to be exempt from the provisions of the California Environmental Quality Act (CEQA).
2. Approve amending Contract Nos. 001487, 001488, 001489, 001490, and 001491 for as-needed haul truck services to include a fuel cost adjustment clause effective upon Board approval.
3. Authorize the Director of Public Works to execute the amendments upon proper execution by the contractors and approval as to form by County Counsel.

**PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION**

On June 15, 2004, your Board approved contracts with various contractors (Enclosure A) to obtain necessary haul truck services within the unincorporated County areas to supplement Public Works' internal fleet in meeting critical time requirements. These contracts were awarded employing the County's standard cost-of-living language; however, this mechanism has failed to adequately offset precipitous increases in diesel fuel prices. As fuel costs are a major component of the hourly rates charged by these haul truck contractors, the contractors have indicated that it is

exceedingly difficult to continue to provide haul trucks to meet our requirements at the 2004 hourly service rates. There has been an increase of over 52 percent in the per gallon price of diesel fuel in California since the beginning of the contracts. In an effort to maintain the viability of these contracts, Public Works, with the support of the Chief Administrative Office and with the assistance of County Counsel, has drafted amendments to these contracts, which will allow for the contractors' hourly rates to be increased due to the diesel fuel price increases. The amount of the hourly rate increase will be tied to the increase in the per gallon diesel fuel price since the beginning of the contracts and will be based on the number of gallons of diesel fuel that the haul truck contractors use on an hourly basis. The provision allows for the hourly rate to be adjusted on four separate dates: Board approval date of these amendments; October 2, 2006; January 2, 2007; and April 2, 2007. The change in the per gallon price of diesel fuel will be calculated using data published by the U.S. Department of Energy – Official Energy Statistics for California diesel price as of the dates listed above.

### **Implementation of Strategic Plan Goals**

These contracts are consistent with the County Strategic Plan Goals of Organizational Effectiveness and Service Excellence. These services are supplied on a part-time and intermittent basis that allows Public Works to provide various maintenance services for the public in a timely and responsive manner.

### **FISCAL IMPACT/FINANCING**

With the approval of this action, using the August 21, 2006, diesel fuel price, the hourly rates for these haul truck services will increase by an estimated average of 29 percent.

Financing for these services is included in Public Works' Proposed 2006-07 operating budgets. When the need arises for services under these contracts, we will finance the service from the appropriate fund source (i.e., Road, Flood, or Waterworks). Total annual expenditures for these services, however, will not exceed the contracts amount previously approved by your Board, and no services will be ordered without the funding authorization of Public Works Financial Management Branch. There is no impact on net County cost.

### **FACTS AND PROVISIONS/LEGAL REQUIREMENTS**

These amendments, which are substantially reflected in Enclosure B, will continue the contracts' current terms, specifications, and conditions with the exception of the hourly

The Honorable Board of Supervisors  
August 24, 2006  
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rate increases. The amendments will be executed by the Director in accordance with your Board's authorization only upon proper execution by the contractors and approval as to form by County Counsel.

### **ENVIRONMENTAL DOCUMENTATION**

These services are categorically exempt from CEQA as specified in the State CEQA Guidelines, Section 15301, Class 1.

### **IMPACT ON CURRENT SERVICES (OR PROJECTS)**

Approval of these amendments will continue the current contract services.

### **CONCLUSION**

One adopted copy of this letter is requested.

Respectfully submitted,

DONALD L. WOLFE  
Director of Public Works

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Enc. 2

cc: Chief Administrative Office  
County Counsel

## AS-NEEDED HAUL TRUCK SERVICES

CONTRACT NO.	CONTRACTOR	HOME BASE
001487	Albert A. Blacksher Trucking	Palmdale, CA
001488	R. E. H. Trucking, Inc.	Chino Hills, CA
001489	Dispatch Trucking, Inc.	Fontana, CA
001490	L. Curti Trucking and Equipment	Redlands, CA
001491	R. C. Dixon Trucking, Inc.	Los Angeles, CA

## CURRENT HOURLY RATES

DESCRIPTION	ALBERT A. BLACKSHER TRUCKING (001487)	R. E. H. TRUCKING INC. (001488)	DISPATCH TRUCKING INC. (001489)	L. CURTI TRUCKING AND EQUIPMENT INC. (001490)	R. C. DIXON TRUCKING INC. (001491)
1) Truck, Three Axle, 10 Cubic Yards*					
a) Monday – Friday*	\$ 60	\$ 58	\$ 58	\$ 57	\$ 57
b) Saturday	\$ 63	\$ 58	\$ 62	\$ 63	\$ 59
c) Sunday & Holidays	\$ 65	\$ 58	\$ 70	\$ 68	\$ 61
2) Truck, Five Axle, Low Side					
a) Monday – Friday	\$ 64	\$ 64	\$ 66	\$ 68	\$ 66
b) Saturday	\$ 66	\$ 64	\$ 70	\$ 73	\$ 68
c) Sunday & Holidays	\$ 69	\$ 64	\$ 78	\$ 78	\$ 70
3) Truck, Five Axle, High Side					
a) Monday – Friday	\$ 75	\$ 67	\$ 76	\$ 80	\$ 74
b) Saturday	\$ 77	\$ 67	\$ 80	\$ 85	\$ 76
c) Sunday & Holidays	\$ 82	\$ 67	\$ 85	\$ 90	\$ 78
4) Truck, Five Axle, Bottom Dump					
a) Monday – Friday	\$ 60	\$ 67	\$ 67	\$ 70	\$ 66
b) Saturday	\$ 64	\$ 67	\$ 70	\$ 73	\$ 68
c) Sunday & Holidays	\$ 66	\$ 67	\$ 78	\$ 78	\$ 70

\* 10 cubic yards style haul truck covers 90-95 percent of haul truck services requested by Public Works.

SAMPLE AMENDMENT 1 TO CONTRACT NO. \_\_\_\_\_

AS-NEEDED HAUL TRUCK SERVICES

THIS AMENDMENT, made and entered into as of this \_\_\_\_ day of \_\_\_\_\_, 2006, by and between the COUNTY OF LOS ANGELES, a subdivision of the State of California, a body corporate and politic (hereinafter referred to as COUNTY), and [Name of Contractor], a [Form of Entity] (hereinafter referred to as CONTRACTOR).

WITNESSETH

WHEREAS, Contract No. \_\_\_\_\_ was entered into between the COUNTY and CONTRACTOR on \_\_\_\_\_, 2004, for as-needed haul truck services; and

WHEREAS, the CONTRACTOR submitted hourly haul truck rates in the good faith belief that the per gallon price of diesel fuel would fluctuate within a reasonably stable price range over the term of this Contract, including any option years; and

WHEREAS, over the past year, the market has experienced extremely sharp increases in the per gallon price of diesel fuel, in excess of 50 percent above the per gallon diesel fuel price that prevailed at the start of this Contract on July 1, 2004; and

WHEREAS, due to the extremely sharp increases in the per gallon price of diesel fuel, the CONTRACTOR has advised the COUNTY that it would face extreme difficulty in continuing to be able to provide haul truck services under this Contract to meet the COUNTY'S requirements; and

WHEREAS, the CONTRACTOR has requested relief from the diesel fuel price increases by being allowed to raise its hourly rates; and

WHEREAS, the COUNTY continues to require the CONTRACTOR'S services and acknowledges and recognizes the potential adverse impacts of the fuel price increases on the CONTRACTOR'S ability to perform the Contract; and

WHEREAS, the COUNTY is willing to amend this Contract to provide for certain relief to the CONTRACTOR through the addition of an hourly rate fuel price adjustment clause as provided below.

NOW, THEREFORE, the parties agree to amend this Contract as follows:

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FIRST: Add paragraph O to the Contract's Exhibit A, Scope of Work:

O. Adjustment of Hourly Rates Due to Fuel Price Increases

The hourly rates set forth in the Form PW-2, Schedule of Prices, will be adjusted as a means of offsetting the substantial increases in the per gallon diesel fuel price that have occurred since the start date of this Contract.

The adjusted hourly rate to be paid to CONTRACTOR will be determined as follows: (1) the per gallon diesel fuel price as of June 28, 2004, the Monday immediately prior to the start date of this Contract (as said price is referenced below) will be subtracted from the applicable, then current per gallon diesel fuel price (measured as of four separate dates as referenced below), which resulting amount shall constitute the "per gallon price increase"; then (2) the per gallon price increase from (1) will be multiplied by the hourly average diesel fuel usage of 14 gallons per hour for haul trucks, which resulting amount shall constitute the "hourly rate increase"; then (3) the hourly rate increase from (2) will be added to the original hourly rates set forth in Form PW-2, Schedule of Prices, which resulting amount shall constitute the "adjusted hourly rates" to be paid to CONTRACTOR. A sample calculation of the adjusted hourly rate is included in Exhibit H. As noted above, the adjusted hourly rates will take effect and be measured as of four separate dates: Board approval date; October 2, 2006; January 2, 2007; and April 2, 2007.

For purposes of said four separate hourly rate fuel cost adjustments, the per gallon diesel fuel price shall be the price published in the Official Energy Statistics from the United States Department of Energy for California No. 2 Diesel Retail Sales by All Sellers <http://tonto.eia.doe.gov/dnav/pet/hist/DDR007W.htm> (Federal website) at each of the respective dates referenced above. In accordance with the Federal website, the per gallon diesel fuel price for the start date of the Contract ("the baseline fuel price") is set at \$2.03 per gallon. The hourly rate fuel cost adjustment provided for herein will be independent of any approved cost-of-living increases or decreases for the upcoming contract period. Should the per gallon diesel fuel costs decline such as to be below the above established baseline fuel price of \$2.03 per gallon, CONTRACTOR shall invoice at the rate set forth in Form PW-2, Schedule of Prices, adjusted for any approved cost-of-living increases or decreases.

SECOND: Except as modified in this Amendment, all other terms, requirements, specifications, and conditions of the Contract shall remain in full force and effect.

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IN WITNESS WHEREOF, the COUNTY has, by order of its Board of Supervisors, caused these presents to be subscribed by the Director of Public Works, and the CONTRACTOR has hereunto subscribed its name by and through its officers thereunto duly authorized, as of the day, month, and year hereinabove first written.

COUNTY OF LOS ANGELES

By \_\_\_\_\_  
Director of Public Works

APPROVED AS TO FORM:

RAYMOND G. FORTNER, JR.  
County Counsel

By \_\_\_\_\_  
Deputy

[NAME OF CONTRACTOR]

By \_\_\_\_\_  
Its President

\_\_\_\_\_  
Type or Print Name

By \_\_\_\_\_  
Its Secretary

\_\_\_\_\_  
Type or Print Name

### SAMPLE CALCULATION OF FUEL COST ADJUSTER FOR AS-NEEDED HAUL TRUCK SERVICES

**(Step 1)**

Per Gallon Diesel Fuel Price as published June 28, 2004, the Monday prior to the Contract start date of July 1, 2004*	Per Gallon Diesel Fuel Price as published July 31, 2006*	Per Gallon Price Increase
\$2.03 (the baseline fuel price)	\$3.09	\$1.06
The baseline fuel price (\$2.03) subtracted from the current per gallon diesel fuel price (\$3.09 for this sample calculation) equals Per Gallon Price Increase (\$1.06)		

**(Step 2)**

Hourly Average Diesel Fuel Usage for Haul Truck Engines**	Per Gallon Price Increase	Hourly Rate Increase
14 gal./hr.	x \$1.06 =	\$14.84/hr.

**(Step 3)**

Sample Hourly Rate for As-Needed Haul Truck Services (Form PW-2, Schedule of Prices)	Hourly Rate Increase	Adjusted Hourly Rate
\$55/hr.	+ \$14.84/hr. =	\$69.84/hr.

\*Per Gallon Diesel Fuel Price – as published in Official Energy Statistics from the United States Department of Energy for California No. 2 Diesel Retail Sales by All Sellers, which can be accessed at <http://tonto.eia.doe.gov/dnav/pet/hist/ddr007w.htm>.

**\*\* Hourly Average Diesel Fuel Usage for Haul Truck Engines** - determined by averaging the number of diesel gallons used per hour for a 10-yard style haul truck. According to the contractors, the 10-yard style haul truck covers 90-95 percent of haul truck services requested by Public Works. Two separate average diesel fuel usages were considered for this amendment. (1) The first average was determined by information obtained from the manufacturers of Cummins, CAT, and Detroit Diesel, which are top three predominant manufacturers of these haul truck engines. Based on the manufacturers' data, Cummins engines use 20 gallons per hour; Detroit engines use 9 gallons per hour; and Cat engines use 19 gallons per hour. The average hourly diesel fuel usage based on the manufacturers' data for the three types of engines was 16 gallons per hour. (2) The second average was determined by using the tank capacity in an 8 hour work day. The average capacity of gas tank of a 10-yard style haul truck was determined to be 100 gallons. The gas tank is usually depleted at the end of an 8 hour work day. By dividing the gas tank of 100 gallons with an 8 hour work day, the average hourly diesel fuel usage resulted in 12.5 gallons per hour. (3) The Hourly Average Diesel Fuel Usage for Haul Truck Engines of 14 gallons per hour was determined by factoring in both (1) and (2) averages from above.